

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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| Central Illinois Public Service Company) | Docket No. 02-0798 |
| d/b/a AmerenCIPS, and) | |
| Union Electric Company) | |
| d/b/a AmerenUE) | |
|) | |
| Application for entry of protective order to) | |
| protect confidentiality of materials) | |
| submitted in support of revised gas service) | |
| tariffs.) | |
|) | |
| Central Illinois Public Service Company) | Docket No. 03-0008 (Consolidated) |
|) | |
| Proposed general increase in natural gas) | |
| rates. (Tariffs filed November 27, 2002)) | |
|) | |
| Union Electric Company) | Docket No. 03-0009 |
|) | |
| Proposed general increase in natural gas) | |
| rates. (Tariffs filed November 27, 2002)) | |

DIRECT TESTIMONY
OF
COREY G. JANSEN

WITNESS IDENTIFICATION

- 1 Q. Please state your name and business address.
- 2 A. My name is Corey G. Jansen. My business address is 4299 N.W. Urbandale
- 3 Drive, Urbandale, Iowa 50322.
- 4 Q. What is your present position with MidAmerican?
- 5 A. I am the Director of Gas Products for the Marketing and Sales division of
- 6 MidAmerican Energy Company (MidAmerican).

OFFICIAL FILE

ILL. C. C. DOCKET NO. 02-0798/03-0008/03-0009

MidAmerican Exhibit No. A

Witness _____

Date 7/2/03 Reporter LB

7 **BACKGROUND**

8 **Q. What is your experience in the gas utility field?**

9 A. My career started in the summer of 1995, with estimating projects relating to the
10 construction of electric power plants. I then moved to the natural gas industry
11 where I spent four years involved with the supervision, design, operations and
12 maintenance of liquefied natural gas plants. Since October 1999, I have been
13 involved with the Retail side of the natural gas industry, leading a group which
14 manages customers' natural gas portfolios. We operate with 14 different Local
15 Distribution Companies (LDC), thereby having to operate in accordance with
16 each territory's transportation tariffs.

17 **Q. Please discuss your educational background.**

18 A. I received my Bachelor of Science, Mechanical Engineering degree from Iowa
19 State University in May 1995. I interned at Midwest Gas during the summers of
20 1993 and 1994, where I conducted over-pressure calculations for Town Border
21 Stations. I have also completed the Engineer-in-Training, a prerequisite for the
22 Professional Engineering Exam in May 1995.

23
24 **PURPOSE OF TESTIMONY**

25 **Q. What is MidAmerican's interest in this docket?**

26 A. MidAmerican is a designated gas supplier to its transport customers in Ameren
27 CIPS service territory. As such, MidAmerican's interest is to ensure that tariffs
28 exist which reduce operational barriers for gas suppliers to serve transport
29 customers.

30 **Q. What is the focus of your testimony in this case?**

31 A. The focus of my testimony is to recommend that Ameren CIPS implement a
32 Group Balancing Service for transport customers and their designated suppliers.
33 Additionally, MidAmerican recommends that the storage bank restriction of
34 twenty percent (20%) daily withdrawal of a customer's storage bank be
35 liberalized.

36 **Q. What do you mean by a Group Balancing Service for transportation**
37 **customers and their designated suppliers?**

38 A. MidAmerican defines a Group Balancing Service as the option of an alternative
39 supplier to aggregate a group of customer accounts, being served under an LDC's
40 transportation tariffs, for the purpose of daily scheduling and balancing. The
41 aggregated group of customer accounts should be treated as one customer by the
42 LDC, for purposes of scheduling and balancing, to include netting imbalances. In
43 all other respects, the customer accounts that make up the aggregated group
44 should operate individually under the LDC's Transportation tariffs.

45 **Q. Should there be any minimum or maximum number of customer accounts**
46 **under the Group Balancing Service?**

47 A. No. A customer or customer's agent should not be restricted by any minimum
48 number of accounts for Group Balancing, as that would be a barrier to entry into
49 the competitive market and would provide the incumbent with inequitable market
50 advantages. A maximum number of customer accounts are also not necessary, as
51 the LDC already has operational mechanisms in place to maintain the integrity of
52 its system from a reliability perspective.

53 **Q. How would the daily nomination practices work under a Group Balancing**
54 **Service?**

55 **A.** The supplier or designated customer agent must provide Ameren a single,
56 combined, daily nomination for all of the accounts applicable to the aggregated
57 group. Only delivery points that have operational telemetering in place can use
58 the Group Balancing Service.

59 MidAmerican submits its own Rider No. 11 Optional Group Balancing to
60 illustrate the proposed modification to Ameren's transportation tariffs (Ill. C. C.
61 No. 2, Second Revised Sheet No. 20, 20.05). See MidAmerican Exhibit 1.0.

62 **Q. How does this differ from Ameren's current practice?**

63 **A.** Currently, under Ameren CIPS Rider T-Transport Gas and Stand-By Service,
64 customers and their suppliers must submit daily nominations on individual
65 customer accounts. With the exception of multi-point metered locations, a
66 customer must submit daily nominations for each account that is sufficient to
67 meet at least eighty percent (80%) of the customer's daily metered usage.
68 Clearly, Ameren benefits from aggregation, as it has provided customers of
69 common ownership, and otherwise satisfying tariff prerequisites, the opportunity
70 to aggregate. As a supplier in the Ameren territory, MidAmerican requests the
71 same benefits of aggregations for its customers through this proposed Group
72 Balancing Service.

73 **Q. How does this tariff enhancement help foster competition in the Ameren**
74 **territories?**

75 A. If each supplier is allowed to aggregate its customer load and storage allocations,
76 it would be administratively less complicated and less costly for smaller suppliers
77 that want to enter the market place. For example, the number of MidAmerican's
78 current CIPS customer is relatively small compared to its market share in other
79 Illinois territories. Under existing Ameren tariff requirements, MidAmerican
80 cannot economically justify expanding its business in the Ameren territories
81 because of the burdensome, daily administrative requirement at the customer
82 account level. The resources necessary to administer customers in the Ameren
83 territory are significantly greater than those required in other competitive gas
84 markets in which MidAmerican operates. For example, MidAmerican can easily
85 identify the additional labor costs required to manage this small market compared
86 to the labor required to manage other Illinois LDC markets. MidAmerican will
87 seriously consider exiting the Ameren CIPS gas market should this provision not
88 be adopted, as the administrative costs would prohibit doing business
89 economically.

90 MidAmerican also believes that this proposed approach provides for
91 greater system reliability than Ameren's current process, because the
92 responsibility for balancing shifts from the customer to the alternative retail gas
93 supplier, who is technically, managerially and financially better able to administer
94 such programs. The customers pay charges based on their actual usage for a
95 given month and the supplier is charged for the management of the Group

96 Balancing Service. Without the suggested tariff modification, potential suppliers
97 have no incentive to efficiently manage the customer's gas supply costs. If the
98 supplier is responsible for managing the storage resources, as proposed through
99 the group balancing services proposed by MidAmerican, then the incentive exists,
100 because the inefficient supplier will be assessed a penalty.

101 This modification also brings Ameren's operational tariffs in line with
102 those of other gas markets in Illinois. MidAmerican has consistently supported
103 Illinois Commerce Commission (Commission) policy and action supportive of
104 uniformity throughout the state and across both the electric and gas industry,
105 where appropriate. Aggregation services should be encouraged by the
106 Commission as it lowers the cost of doing business in the State of Illinois, and by
107 bringing choice to customers; it meets the policy and objectives of the State with
108 regard to competition.

109 **Q. Are there other modifications that MidAmerican recommends related to the**
110 **Group Balancing Service?**

111 A. Yes. In addition to implementing a Group Balancing Service, MidAmerican
112 recommends that Ameren permit the waiver of the daily balances if the
113 customer's daily imbalance is in the opposite direction of the Ameren CIPS daily
114 net system imbalance, as determined by Ameren CIPS gas control personnel.
115 Please see MidAmerican Exhibit 1.1, MidAmerican Illinois transportation tariff
116 Rider No. 8 Non-Critical-Day Balancing of Customer-Owned Volumes, sheet No.
117 17, effective September 18, 2002. The likelihood of balancing the system will be
118 greater than if suppliers were restricted from this type of service.

119 **Q. What is MidAmerican's second proposed modification to Ameren CIPS**
120 **Transportation tariffs?**

121 A. MidAmerican believes that when the responsibility for managing the storage
122 account is shifted from the individual customer to the alternative retail gas
123 supplier, as with the Group Balancing Service proposed by MidAmerican, the
124 twenty percent (20%) daily withdrawal limitation becomes too restrictive and
125 does not allow for proper storage management. MidAmerican could support the
126 twenty percent (20%) limitation being applied during both short or long critical
127 days and being removed during non-critical days. This is an acceptable
128 modification because neither the Customer nor Ameren will assume significantly
129 greater risk, as the limitation is applicable when Ameren's system is at its greatest
130 risk. When combined with the benefits of the Group Balancing Service, the
131 twenty percent (20%) becomes more manageable for a supplier operating in
132 Ameren's territory during critical days. As currently provided under the tariffs,
133 the twenty percent (20%) limitations, at a customer account level, subjects the
134 customer to greater risk because the volume is so small that there is little
135 allowance for changes in customer usage.

136 **Q. Are there current Illinois Programs that Ameren could mirror in regard to**
137 **suppliers managing storage accounts?**

138 A. Yes. MidAmerican would support the implementation of a storage account
139 process similar to that reflected in Nicor Gas' tariffs.

140 **Q. How does MidAmerican Energy Company's delivery service tariffs operate**
141 **in regard to storage management.**

142 A. MidAmerican does not own or operate gas storage facilities; therefore, under
143 MidAmerican's delivery service tariffs, customers and suppliers do not have
144 storage management options. MidAmerican's tariffs require suppliers to deliver
145 within predetermined tolerances on a daily basis. The daily volumes delivered are
146 compared to actual daily usage, and the differences are settled with the agent at a
147 daily market price. The daily cashout settlements are accumulated and provided
148 to the customer or agent at the end of each month.

149 **Q. Why doesn't MidAmerican recommend the same practice for Ameren?**

150 A. Ameren does own and operate gas storage facilities; therefore, it can offer storage
151 services to customers and suppliers. Daily imbalances can be managed by storing
152 over-deliveries and withdrawing under-deliveries. If Ameren did not have storage
153 facilities, then MidAmerican would recommend the same daily cash-out practice
154 for Ameren as well.

155 **Q. Does this conclude your testimony?**

156 A. Yes it does.

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AFFIDAVIT
OF
COREY G. JANSEN

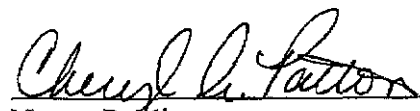
STATE OF IOWA)
) ss.
COUNTY OF POLK)

I, Corey G. Jansen, being first duly sworn on oath, depose and state that I am the same
Corey G. Jansen identified in the following Direct Testimony; that I have caused the following
Direct Testimony, including any Exhibits, to be prepared, and am familiar with the contents

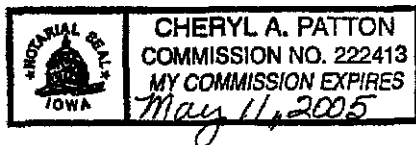
thereof; and that the following Direct Testimony, including any Exhibits, are true and correct to the best of my knowledge and belief as of the date of this Affidavit.


Corey G. Jansen

Subscribed and sworn to before me,
a Notary Public in and for said County
and State, this 2nd day of April, 2003


Notary Public

SEAL



MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

Ill. C. C. No. 2
Second Revised Sheet No. 20
Cancels First Revised Sheet No. 20

RIDER NO. 11 OPTIONAL GROUP BALANCING

DESCRIPTION:

The Customer shall have the option to choose a Group Balancing Service in a group with the same balancing provisions, on the same pipeline and in the same interstate pipeline operational zone. For purposes of calculating the level of Customer Imbalances incurred under the terms of this tariff, the Group Customer shall be considered to be one Customer. In all other respects, the Customer shall operate individually under the provisions of this tariff. The Group Customer shall enter into a Group Balancing Agreement under this tariff which shall be for a term of not less than one month. *The term Group Customer shall mean a person, corporation, partnership, or other legal entity that provides gas under the parameters as specified above.*

APPLICABILITY:

- * A. The Group Customer must execute a Supplier Service Agreement and must notify the Company of the Customers to be grouped at least 2 working days before the first of the month nominations are due. All billing will be based on the Group Customer's notification. Any requests to change Customers in a group after the notification timeframe outlined above will be accommodated at Company's discretion and shall be subject to a Rescheduling Service fee of \$50 for each Customer change in a Group.
- B. The Group Customer will provide the Company a single combined daily nominations or a single combined daily nomination representing the sum of the daily nominations for all of the Delivery Points applicable to the Group Customer. Group Customer shall retain information regarding individual nominations which shall be provided to Company upon request. Each Delivery Point within the group must have operational telemetering in place.
- C. If the Group Customer does not comply with the provisions of its Supplier Service Agreement, Company may terminate the Agreement and each Customer whose Delivery Point is part of the Group Customer will be individually responsible for the settlement of gas transportation imbalances and other charges regardless of payments that the Customer may have rendered to the Group Customer. The Group Customer shall remain responsible for Pipeline Imbalances, penalties, overrun charges or other charges it may create on the interstate pipeline system. Company reserves the right to terminate the Supplier Service Agreement for due cause upon three days written notice. In the event the Agreement is terminated during any month, the Customers whose Delivery Points are within the Group Customer shall be billed separately for any imbalances and shall also be billed the Group Balancing Charge.

Issued: December 14, 2000

Effective February 1, 2001

Asterisk (*) indicates change.

Issued by James J. Howard
Vice President



MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

III. C. C. No. 2
Fourth Revised Sheet No. 17
Cancels First Revised Sheet No. 17

RIDER NO. 8 NON-CRITICAL-DAY DAILY BALANCING
OF CUSTOMER-OWNED VOLUMES

APPLICABILITY:

Service under this rider is applicable to Rider No. 7, Transportation of Customer-Owned Gas. This rider provides the charges for imbalances incurred during non-critical days.

DEFINITION OF TERMS:

The "DEFINITION OF TERMS" section of Rider No. 7, Transportation of Customer-Owned Gas, applies to this rider.

DAILY CHARGES:

*

For each day of the month, the total of confirmed nominations adjusted for retention gas and Firm Supply Standby Service, will be compared to actual metered usage.

Customers with balancing tolerances plus or minus 10% but less than or equal to +/- 30% and after adjustment for optional balancing service, if applicable, shall be subject to an additional charge at the rate of \$.01 per therm of imbalance. For gas imbalances greater than +/- 30%, a penalty charge of \$.10 per therm is assessed. Daily charges on imbalances will be waived if the customer's Daily Imbalance is in the opposite direction of the Company's Daily net system imbalance, as determined by Gas Control personnel. Net System imbalance will be defined as daily variance between daily target and actual results.

However, during a long critical day, customers will be permitted to consume volumes in excess of delivered volumes without incurring a balancing charge or Rider No. 7 penalty; on a short critical day, customers will be allowed to cause Positive Imbalances without incurring a balancing charge or a Rider No. 7 penalty.

Issued: September 16, 2002
Pursuant to Commission Order in
Docket No. 01-0696 September 11, 2002
Asterisk (*) indicates change.

Effective September 18, 2002

Issued by James J. Howard
Vice President